

**2016 Exeter Town Budget Request  
September 18, 2015**

To the Board of Selectmen and Budget Recommendations Committee,

Attached you will find the Town of Exeter preliminary budget request for Fiscal Year 2016. The fiscal year begins on January 1, 2016 and ends December 31, 2016. I would like to acknowledge the efforts of all Town Departments, and in particular, the Finance Department, for coordinating this initial budget request.

This request should be seen as a starting point in the 2016 budget process, which will include a recommendation from the Budget Recommendations Committee, meetings with Town Departments, and ultimately a final recommendation from the Board of Selectmen to the voters.

**GENERAL FUND**

**General Fund**

The total general fund preliminary budget request, exclusive of warrant articles, is \$17,753,250, an increase of 3.06%, or \$527,844, over the FY15 approved budget of \$17,225,406. Major drivers of the budgetary increase for FY16 include requests for additional snow removal funds (\$79,720), health insurance budgeted increases (\$146,700), requested funding for compliance under the Town's new MS4 stormwater permit (\$102,000), and requests for increased personnel from the Town Clerk, Public Works Department, and Library. In all instances, these increases have been offset by proposed organizational changes (such as trading a part-time position for a full-time position), resulting in a lesser budgetary impact than simply adding a full time position. The FY16 preliminary budget also includes several onetime capital requests identified in the budget initiatives section of this document.

**Town Net Taxable Valuation – General Fund**

The Town underwent a statistical update of its property values during 2015. As a result, the Town's new net taxable valuation, as determined by the 2015 MS1 report, is due on or about September 28<sup>th</sup>, 2015.

**FY16 Revenues – General Fund**

FY16 general fund revenues are estimated at \$5,390,803, a 3.51% decrease from FY15 estimates of \$5,586,965. The main differences in budgeted revenues are a decrease in grants reflective of one time revenues of \$190,060 in FY15 for grants related to the Great Dam project that may not materialize in FY16 (however it is noted the Town recently applied for a grant of over \$600,000 for the project). These grant funds are being utilized to offset debt service costs of the bond issued for the project. The largest components of Town general fund revenues are motor vehicle registrations (\$2,391,550 actual in FY14), income from departments (\$800,773 in FY14), building permit revenues (\$248,988 in FY14), and state shared revenues such as Highway Block Grants (\$250,700 in FY14) and Meals/Rooms Tax (\$696,839 in FY14). Town revenues are expected to remain near FY15 levels in FY16. The largest revenue source to contribute to the Town budget will continue to be the property tax. At requested levels property tax

support to the budget totals \$12,362,447. The Town has benefited from a series of surplus returns from the Healthtrust in recent years, and this has assisted in offsetting health insurance cost increases. However, it is not clear at this time that these reimbursements will continue in any significant way. It is expected the Town will continue to use 95% of the EMS fund surplus annually to stabilize the Town tax rate. This surplus is being reduced by the ongoing ambulance replacement lease/purchase program, which is funded through the EMS fund. In recent years EMS revenues have also seen a small decline and it is recommended that EMS rates be updated once again to reflect current market conditions.

### **General Fund Budget Overview**

The FY16 general fund preliminary budget reflects the requests of the various town departments. The three largest departments making up the general fund budget continue to be Fire/EMS (\$3,667,391), Police/Communications (\$3,760,631), and Public Works (\$4,840,713) including a Maintenance requested budget of \$1,092,324. These three functions make up over 70% of the FY16 budget request when capital equipment including vehicles is factored into the calculation.

### **General Government**

The Town's executive functions are exercised through the Board of Selectmen and the Town Manager. In addition the Town Manager's Office provides administrative support to several town boards and committees including the Budget Recommendations Committee, Economic Development Commission, Arts Committee, Transportation Committee, and Water/Sewer Advisory Committee. The Town Manager's Office posts meetings and agendas, coordinates minute taking of many town boards, issues several permits requested by community groups (parking, blocking off roads, facility use, etc.), purchases basic supplies for all Town Office departments, and provides periodic backup to Human Resources and Welfare/Human Services. In mid-2015, due to a vacancy, the Executive Assistant in the Town Manager's Office has taken a more active role in performing intake on welfare requests and facilitating agency referrals for those in need.

Other support to Town Departments is provided through Human Resources, Legal, Information Technology, and Finance. Human Resources is staffed by one full time Administrator whose primary duties include advertising all town positions, administering the Town's personnel policies and compensation, and oversight of employee benefit programs. Legal services are procured through the Mitchell Group who acts as general counsel to the Town. In addition, the Town utilizes several specialty attorneys depending upon the issue (environmental, labor issues, etc.). The IT Department is staffed by one full time Coordinator, who received support in the form of a part-time assistant who was approved in the FY15 budget for 20 hours per week.

The Finance Department has 3.0 FTEs and performs the primary duties of day to day budget administration, payroll, accounts payable, audit, financial reporting, general ledger and cash management. Financial functions also include the Tax/Water/Sewer Collections Office (2.0 FTE), and the Assessing Office (1.0 FTE). The Town made a change in 2015 when the Assessor retired and is now contracting with MRI who provides monthly assessing services. The Tax/Water/Sewer Office collect all property tax revenue and water/sewer revenue for the Town. In addition the tax/water/sewer office

administers all tax deeding and lienning issues, creates payment plans for delinquent accounts, coordinates the semi-annual tax billing process, and completes the MS-61 report required each year by the NHDRA.

The Town Clerk's Office services include motor vehicle registrations, vital records research, dog licensing, records retention, town meeting coordination and ballot preparation, and elections oversight (working with the Checklist Supervisors and the Town Moderator). The Town Clerk's Office also sells stickers to residents for the transfer station, including bulky stickers, electronics stickers, etc.

### **Planning & Economic Development**

Land use, including regulation, code enforcement, and planning, is administered through the Planning and Building Office. This office also supports several volunteer boards, committees and commissions in their statutory missions including the Zoning Board of Adjustment, Planning Board, Conservation Commission, Historic District Commission, and Heritage Commission. The Town's Economic Development program is staffed by one full-time Director whose duties include working with private developers and coordinating overall economic development efforts in Exeter.

### **Police Department**

The Police Department budget is broken out into five distinct divisions: Administration, Staff, Patrol, Animal Control, and Communications. The Exeter Police Department operates out of the public safety complex on Bow Street/Court Street and provides service 24 hours per day, seven days. The Animal Control function and Dispatch operations also run 24/7, 365 days per year. One full time dispatch position is funded through the EMS (ambulance) revolving fund and is not included in the general fund budget. The Town is staffed using full time and part time dispatchers.

### **Fire/EMS Department**

The Exeter Fire Department provides service in multiple areas. The budget is broken down into four distinct divisions: Administration, Suppression, Emergency Management, and Health. The EMS budget is a revolving fund and therefore is not included in the general fund budget. Fire and EMS services (to the paramedic level) are also provided 24/7 by four shifts of 6 Firefighter/EMT's per shift. The Fire Department also provides the Town's health and emergency management functions. Emergency Management is an active function in Exeter and provides support during states of emergency, training for emergencies, Seabrook drills, hazmat training, etc. The Town's health department advanced to a full-time health officer in 2015 and provides oversight to several public health areas including mosquito control, food inspections, regional health planning, and sanitary code enforcement.

### **Public Works – General Fund**

The Public Works general fund budget, including Maintenance, includes eight separate functions: Administration/Engineering, Highways/Streets, Snow Removal, Solid Waste, Street Lights, General Maintenance, DPW Garage, and Town Buildings. Administration and Engineering provide primary support to the other Public Works divisions and also oversee all capital projects which originate through

Public Works, Water, and Sewer. The Highways/Streets division has primary responsibility over town roads, rights-of-way, sidewalks, snow removal, transfer station, traffic lights, and trees. The Town's solid waste budget includes the contract for trash pickup and recycling. Revenues from blue bag sales and recycling bins, as well as stickers and transfer station permits, help offset the cost of this budget.

### **Welfare/Human Services**

The Town administers a welfare system as required by state law, RSA 165. The Department has a part time Welfare Director, and is indirectly supported by the Executive Assistant position and the Human Resources Director. The Executive Assistant also coordinates the human service grant application process, by which several agencies each year submit directly to the Town government for funding. These requests are reviewed annually by the Budget Recommendations Committee.

### **Parks/Recreation**

The Town's Parks/Recreation Department, located at 32 Court Street, provides a full range of recreation programs. The Department also manages its properties and maintains the Town's parks. Periodically the Department provides cemetery support when needed, and is active at overseeing the Senior Center and its activities. In recent years, the Parks/Recreation Department has made extensive use of their revolving fund to support programs and services, while their portion of the general fund budget has decreased. Currently the Parks/Recreation revolving fund budget is greater than \$400,000 per year and completely offset by fees for programs and events.

### **Public Library**

The Exeter Public Library is open year round, and is located on Chestnut Street. The Public Library serves the general public and has a series of educational and reading programs for all ages. The library serves as a cornerstone of the community in its location at Founders Park. The library budget includes all expenses related to maintenance and upkeep of the Library under the Library Trustees, called "public services." These expenses are not included in the Town's Maintenance Budget.

### **FY2016 Budget Notes**

**Wages.** There are two open collective bargaining agreements currently under negotiation. These are the SEIU Agreement which covers DPW and some Town Office personnel, and the Exeter Firefighters. Either of these two agreements, if settled, would be additional warrant articles on the FY16 town warrant. Non union wages and part time wages have been budgeted to increase 1.0% (\$14,491 total cost) as a COLA increase the first pay period of July 2016.

### **Benefits.**

Health Insurance. Health insurance rates will be finalized in October, 2015 by the HealthTrust Board of Directors. For the purposes of this preliminary budget, a 7.0% increase in health insurance premiums is planned for 2016, reflecting ongoing trends in health costs. General Fund Budget Increase: \$146,700.

Retirement costs. Increases in retirement assessments continue to impact budgets, however they are impacting the FY16 budget less than in previous years. Retirement rates as a percentage of payroll are: Group I employees, 11.17% (does not include social security, additional 6.2%), Group II employees, Fire 29.16%, Police 26.38%.

**General Expenses.** There are general expense increases in the budget related to items described under the initiatives section of this submittal.

(The table below shows the year over year budget increases/decreases for each program area over the most recent three year period:

<u>Function</u>	<u>FY14 Budget</u>	<u>FY15 Budget</u>	<u>FY16 Request</u>	<u>% '16/'15</u>
General Government	930,436	932,596	993,235	6.5%
Finance	595,956	585,002	587,018	.3%
Planning & Development*	554,076	613,793	654,682	6.7%
Police/Communications	3,646,020	3,647,487	3,760,631	3.10%
Fire/EMS	3,696,775	3,659,673	3,667,391	.2%
Public Works – Gen Fund	3,554,799	3,561,558	3,748,389	5.2%
Maintenance	942,666	1,062,223	1,092,324	2.83%
Welfare/Human Services	86,855	86,436	64,666	-25.2%
Parks/Recreation	448,673	458,806	485,644	5.9%
Other Culture/Recreation	36,300	45,300	45,451	.33%
Public Library	910,837	898,407	920,400	2.4%
Debt/Capital	1,311,292	1,276,665	1,171,916	-8.2%
Benefits/Taxes/Fixed Costs	<u>360,361</u>	<u>397,471</u>	<u>561,482</u>	<u>41.3%</u>
Total General Fund	17,075,046	17,225,406	17,753,250	3.06%

\*includes economic development

### **2016 Budget Initiatives**

Several requests are therefore contained in the 2016 budget for review and recommendation. These include:

#### **General Government**

- Information Technology – funds have been requested for a GPS based tracking system for town vehicles. This initiative is \$12,000 and will be used to pilot 20 selected town vehicles. It is expected the technology will be used to gather data and measure efficiency of vehicle use in selected areas. The technology will be used as a management tool to better deploy vehicles and equipment and will be used as a basis for future funding recommendations for the Town fleet.
- Town Clerk – Additional funds are requested for shelving for the town records vault within the Town Clerk's Office (\$18,625). In addition, funds have been requested to make the Deputy Town Clerk position full time (Net change to budget is \$2,717). To offset this proposed increased expense, the part-time position in the office would be eliminated.

- Elections – As 2016 is an election year, there are additional funds in the elections budget (\$14,132) to cover primaries and the general election, in addition to the town election. There are also funds budgeted for one special town meeting should the need arise. There was a special town meeting in 2015 to address the Gilman Street issue with PEA.

### **Planning, Building & Development**

- Planning – The Planning 2016 budget is decreased by \$19,048 mainly due to two factors: the one time purchase of permitting software in 2015, and a reduction in studies due to multiple warrant article requests (master plan update, bike path study, complete streets study). The net decrease of 19,048 also anticipates hiring a new town planner at the minimum step of Grade 15 and beginning an annual maintenance payment on the new permitting software of \$5,000.
- Economic Development – The economic development budget request is increased by \$12,948, or 10.3% for FY16. This budget includes a request of \$5,000 for engineering services that may be needed for an economic development project during the budget year. In addition, the department has requested \$4,000 for interns to support the Economic Development department in its mission. These interns would work on a variety of special projects including the business directory database, maintenance of the economic development portion of the website, and assisting with economic development outreach and issues.
- Building – The Building Department budget includes an increase in hours for the electrical inspector. Increases in development (seen through an increase in building permit fees) have necessitated more hours for the electrical inspector to support the building department. In 2016, there is an increase of an additional 8 hours per week (16 hours to 24 hours) to accommodate increased activity within the department. It is worth noting that hours fluctuate with the electrical inspector over the years, depending on building activity. 16 hours represents a low amount, and in prior years inspection hours have varied between 16-22 hours per week.
- Historic District Commission – The Historic District Commission is seeking an additional onetime expense of \$12,062 in FY16 to fund an update of the Commission's regulations. This is a Town match of grant funds that if approved would come through the Department of Historical Resources. The full amount of the project is estimated at \$37,222.
- Heritage Commission – The Heritage Commission is seeking an additional onetime expense of \$21,000 to be used for restoration of the Winter Street cemetery. The total budget increase proposed for the Heritage Commission is \$19,700.

### **Police/Communications**

The overall Police FY16 budget increase is \$113,144, or 3.1%. Much of the increase is due to increases in personnel costs associated with the new contract approved by voters in March of 2015. In addition, changes in retirement costs, and changes in health insurance plans (staff budget) have contributed to the overall budget increase. Other increases in expenses are as follows:

- Staff – The prosecutor contract is up \$2,215 or 2.9%. This contract is for a joint prosecutor through the county attorney’s office who services Exeter and Hampton Falls. The costs are split 80/20 between the two communities.
- Patrol – Overtime has been increased by \$14,500, or 22%, to cover overtime for officers on four holidays. Officers are now paid overtime for holidays worked while others can take the day off in exchange for holiday pay. Sick replacement costs have increased by \$3,980 to reflect sick leave usage at new wage rates. Patrol fuel has decreased by \$11,850, or 19.1% to reflect more favorable fuel rates.
- Communications – Wages are up 3.6%, or \$8,098, reflective of changes in the new union contract. Full time dispatchers are covered under the same contract as police officers and sergeants. Equipment maintenance is up \$5,444 or 27.1% to cover additional costs associated with public safety equipment upgrades approved by the voters in 2015 as part of the \$100,000 warrant article for these upgrades.

### **Public Safety – Fire/EMS**

The overall Fire/EMS FY16 budget increase is \$7,718, or 0.2%. Below are division highlights:

- Administration – The Fire Administration budget is increased .8%, or \$4,322. The Department is saving money from the change in Assistant Chiefs. However, a family plan has been budgeted for the Assistant Chief replacement which has increased the health insurance line item.
- Suppression – The Fire suppression budget is decreased \$14,569, or .5%. This budget accounts for 24 full time fire personnel plus a fire inspector. Budget increases include overtime (\$13,108, 12.7%) and retirement (\$9,180, 1.8%). Reductions are made to the call wages line item (\$7,500 reduction) and health insurance (\$24,237) due to a plan change. The Fire Department has requested two minor capital outlay items in the suppression budget: a new washer to wash and maintain turnout gear (\$11,600), and replacement gas meters (\$12,534).
- Emergency Management – The emergency management budget has been reduced \$384, or 1.3%. This is due to a reduction in mobile communications costs due to lower technology costs.
- Health – The health budget is increased \$18,349, or 11.4%. This is due mainly to an additional capital outlay request. This request is \$20,000 for a fence to be put up around town property occupied by the Sportsmen’s Club on Portsmouth Avenue. It is the Town’s intent that this fencing project will result in compliance with Phase 2 of the RAP (remedial action plan) for the property required by the NHDES.

### **Public Works**

The overall Public Works general fund budget increase (not including Maintenance, see separate entry) is \$186,832, or 5.2%. Below are division highlights:

- Administration/Engineering – This budget has been increased by \$87,713, or 22.9%. The main reason for the increase is in the MS4 stormwater permit requirements being imposed by EPA. As a result of the permit requirements, the EPA related budget is up \$102,000. It is anticipated

there will be much discussion around the new requirements and how best to achieve compliance with the various orders/mandates from the EPA.

- Highways/Streets – The Highways/Streets budget has been reduced by 1.2%, or \$24,349. This is due largely to staff turnover and/or changes in benefit plans. Two line items have been increased in this budget: vehicle maintenance (\$5,000) and phone reimbursement (\$2,400). The phone reimbursement increase is due to a reimbursement for foremen who are required to use mobile communications in their everyday work. The highways/streets budget also includes a \$1.00 placeholder line item for sidewalks/curbing in the event funds are needed during FY16 in this area.
- Snow Removal – The snow removal budget has been increased by \$79,720, or 30.2%, for FY16. This increase is due mainly to difficult winters and to protect against continuous overspending on the snow/ice budget. Additional funds are included in the contracted snow removal lines and plowing lines. Snow/ice costs are hard to predict however in recent years the Town has been spending more than its budget in this area. Snow removal needs have also increased due to customer demand – there is an ever growing expectation of quick dig outs after storms for downtown merchants, and sidewalk plowing is also at a premium to clear routes to schools and other resident demands of the service. These factors all increase removal costs, in addition to the record snows we have had.
- Solid Waste – The solid waste budget is increased \$23,748, or 2.8% over FY15. This increase is due mainly to an increase in the solid waste contract (\$10,000) plus additional funding requests for personnel to work at the transfer station, and work weekends for trash removal. In lieu of one position at 16-18 hours per week the department is requesting two part time personnel at 16 hours per week each to handle the increased workload.
- Street Lights – The street lights budget has been increased by \$20,000, or 15.4%. This increase is due mainly to the actual bills for street lighting, which have come in higher than budget over the past two years.

#### **DPW – Maintenance**

The overall Public Works Maintenance budget increase is \$30,102, or 2.8%. Below are division highlights:

- General – This budget has been increased by \$6,363, or 1.5%. This increase is due to a 1.0% COLA for non union and PT personnel. Custodial supplies have also been increased by \$1,000 (7.4%) to reflect usage/inflation. Uniforms have been decreased by \$825 to reflect actual costs.
- Garage – The garage budget is proposed to increase \$23,939, or 11.5%. The department is seeking moving a part time vehicle mechanic laborer position to a full-time mechanic position. This is to increase wrench turning time within the garage and to better maintain personnel. In recent years the part time position has been difficult to either fill or keep due to its part time status. The position has been budgeted at full time for eight months benefits, nine months wages, with corresponding increases in the full time wages and benefits lines, and decreases in the part time wages line.



- Town Buildings – This budget has been decreased by \$200 or .05% over FY15. Increases are due to increasing natural gas, electricity, and water/sewer usage costs. Rates and usage continue to increase as town buildings are popular as meeting places within the community. Offsetting decreases of \$50,000 have been made in the maintenance projects line item to reflect the completion of the Town Office wiring project which was a one time capital expense in FY15.

### **Welfare/Human Services**

The welfare/human services budget has been decreased by \$21,770 or 25.2%. This reduction is mainly due to a change in personnel. The PT welfare/human services administrator retired in 2015. It is not anticipated the replacement position will be benefits eligible as a part time position. The Town is currently reviewing several options in this area long term including hiring a replacement, using current staff in a “job sharing” approach, or outsourcing the welfare function to a human services agency.

### **Parks/Recreation**

The overall Parks and Recreation FY16 budget increase is \$26,858, or 5.9% over FY15. Below are division highlights:

- Recreation – This budget has been increased by \$6,531, or 2.2%. This increase is due primarily to wage increases for three full time and one part time personnel. In addition, overtime has been increased by \$400 to reflect hours worked outside the normal workweek by the Recreation Coordinator.
- Parks – The parks budget is increased \$20,328, or 12.1%. The increases in the parks budget are an additional \$1,600 in temporary wages – this would allow a temporary/seasonal laborer to remain an extra month after the summer season. Contracted services have been increased by \$5,020, to fund “blown in” chips at parks such as Kids Park on Winter Street and Planet Playground. Landscaping supplies have been increased by \$4,030, or 45.6% for a project repairing the Winter Street cemetery wall. The Stewart Park maintenance line item has been increased by \$8,200, or 546.7% for a one time capital expense of a dock replacement wing at Stewart Park. This dock was installed many years ago and is in need of repair/replacement.

### **Other Culture/Recreation**

The Other/Culture Recreation FY16 budget is \$41,451, or .3% increase over FY15. The budget covers the Swasey Parkway Maintenance and Lights, Arts Committee, Christmas Lights, Council on Aging, Christmas Parade, Summer Concerts, the Exeter Brass Band, Veterans Activities, and the fireworks for the annual independence festival. The budget includes an increase in the fireworks line item of \$500, or 7.1% to reflect increased costs in this area.

### **Library**

The Public Library FY16 budget increase is \$21,993, or 2.4% over FY15. This budget is submitted via the Library Trustees. The budget includes an increase in the public services line item of \$6,000, or 3.2%.

### **Debt Service**

The Debt Service budget is decreased by \$163,067, or 17.3% from FY15. This is due primarily to the retirement of the conservation bond in FY15, which initially reduced the debt service budget by \$311,700. New additions to the debt service budget in FY16 include the downtown sidewalk project and the Linden Street bridge/culvert project approved by the voters in March 2016. The net differential in the debt service budget is due to the retirements and additions of new debt service.

### **Vehicle/Equipment Replacements**

This budget is increased \$106,929, or 37.6%, over FY15. This budget includes current lease/purchase payments for Engine 2 (\$67,038), Ladder 1 (\$110,488), and the Police patrol motorcycle (\$3,000). In addition voter approved lease/purchases for the street sweeper (\$48,502), fire alarm bucket truck (\$20,673), and Sno Go snow blower (\$27,035) are included in this budget. Under cash vehicles, two police cruisers (total \$68,967) are included in the FY16 budget, along with a replacement fire utility vehicle (\$45,519). DPW vehicles and equipment are discussed separately as lease/purchase items under warrant articles. Overall debt service and capital has been reduced by 8.2% in the FY16 budget.

### **Benefits/Taxes**

The benefits and taxes budget includes town wide expenses for the health insurance buyout program, unemployment, worker's compensation, and property/liability insurance. In addition, the health insurance reserve of 7% is being held in this year's benefits and taxes budget, pending approval of new health rates in October 2015.

This overall budget is increased \$164,011, or 41.3%, over FY15. The increase as stated above is due mainly to holding a health insurance reserve in this budget until the Town is rated for health insurance in October. It also includes increases in worker's compensation and property liability insurance pending Primex' final numbers in October.

## **ENTERPRISE FUNDS**

### **Water and Sewer Funds**

The total water fund budget request is \$3,014,928, an increase of 8.0%, or \$223,466, over FY15. The total sewer fund budget request is \$2,411,622, a decrease of 3.4%, or \$85,000 from FY15. Both water and sewer funds receive all revenues through water and sewer rates, not the property tax.

Water – Water fund increases include the following: 1) increase of \$20,000 in the legal expense budget to cover water related matters such as permitting and groundwater investigations; 2) increase of \$7,198

in water billing to account for a full year of the full time utilities clerk (budgeted 8 months in FY15); 3) increase of \$16,549 in full time wages in water distribution to cover 50% of a new heavy system equipment operator position. This request is also covered 50% in the sewer collection accounts; 4) increase of \$10,000 in water distribution system maintenance to cover saddle tap replacements; 5) increase of \$98,723 in water distribution contract maintenance to cover the proposed first year contract for Epping Road tank maintenance; 6) increase of \$4,000 in natural gas and \$38,000 in electricity respectively to cover costs associated with operating the new groundwater wells on Lary Lane; 7) an increase of \$15,524 to cover additional lab testing costs related to safe drinking water act compliance; 8) increase of \$19,999 in treatment consulting to address the disinfectant by-product issues with the surface water treatment plant; 9) increase of \$9,450 to account for necessary hardware/software at the new groundwater plant on Lary Lane; and 10) increase of \$5,000 in natural gas expenses for the new groundwater plant at Lary Lane. These increases are offset by reductions in debt service (\$12,765), capital expense (\$17,500) and chemicals and electricity (\$45,000, due to the new groundwater plant) for a total budget request of \$3,014,928.

Sewer – Sewer fund increases include the following: 1) increase of \$7,135 in sewer billing to account for a full year of the full time utilities clerk (budgeted 8 months in FY15); and 2) increase of \$16,549 in full time wages in sewer collection to cover 50% of a new heavy system equipment operator position. This request is also covered 50% in water distribution accounts; 3) a budget for BAN interest of \$27,937 to pay interest due on the wastewater treatment facility design BAN issued in 2015.

There are also several decreases in the FY16 sewer fund budget: 1) a (\$27,700) decrease in the pump and control maintenance account reflecting a completed small capital project; 2) a reduction of \$22,500 in the equipment maintenance account; 3) a reduction of (\$9,300) in the sewer treatment equipment maintenance account; 4) a reduction of (\$9,000) in the sewer outfall dredging account; a reduction of (\$5,000) in the sewer treatment SCADA software/hardware account; a reduction of (\$10,000) in sewer treatment electricity; 5) a reduction in debt service of (\$12,314) due to retirement of debt; 6) a reduction in the I and I line item of (\$50,000) from the \$130,000 budget in FY15; 7) a reduction of (\$17,500) in the vehicles line as no vehicles/equipment are being requested in the sewer fund in FY16.

## **OTHER BUDGETARY CONSIDERATIONS**

### **Bond Issue Requests – All Funds**

Sewer Fund: Wastewater Facility – \$47,270,000 (final amount TBD). This project is covered on page 26 of the FY16-21 Capital Improvement Program. The total amount requested in the CIP has been reduced by 4.6 million dollars reflecting a consensus of the Board of Selectmen and Water/Sewer Advisory Committee to pursue “Option 6” relative to the new facility. The main difference in cost is the anticipated phasing of the project. The new wastewater facility is an EPA mandate.

General Fund: Court Street Bridge/Culvert Project - \$1,154,000. This project is covered on page 13 of the FY16-21 Capital Improvement Program. If voters approve the bond for this project, construction will commence in FY16. This is phase II of the bridge/culvert replacements that began with the Linden Street bridge/culverts in FY15.

## **Warrant Articles**

In addition to the above, two individual warrant articles and seven special warrant articles are itemized for discussion. The total amount of these potential warrant articles excluding the individual articles is \$506,871. These include:

**Human Service Agency Funding: \$116,400**. Human Service agency requests have increased by \$2,505, for a total of \$116,400, for FY16. This represents a 2.20% increase over FY15.

**Pickpocket Dam Breach Analysis: \$80,000** – This project is described on page 14 of the FY16-FY21 capital improvement program. The Town received a letter of deficiency on the Pickpocket Dam in 2011.

**Finance Software Lease/Purchase: \$253,372, first year appropriation \$63,343**. The Finance Department is requesting funds to update/replace the Munismart suite of software. This is mainly due to the uncertainty surrounding the future of the product, and limitations of the current product. This would be a full scale replacement and include fund accounting, tax collection, water/sewer billing and collections, etc. All modules would be replaced with a more functional system. This submittal is covered in more detail on page 2 of the FY16-21 Capital Improvement Program. The cost of this lease/purchase would be shared amongst the general, water, and sewer funds.

**Master Plan Update: \$50,000** – This project is described in detail on page 8 of the FY16-FY21 capital improvement program.

**Downtown Parking Study: \$50,000**. This request is being made by Economic Development. The Town has not had a parking study conducted by professionals in the business, and the last study conducted was completed in 2002. There is a need to review all elements of downtown parking to ascertain what kinds of programs will be instituted in the future. In order to develop a quality parking program analysis is needed. The project is described on page 3 of the FY16-FY21 Capital Improvement Program.

**DPW Highway Backhoe Lease/Purchase: \$169,723, first year appropriation \$38,323**. The Highway department is requesting replacement of a 2004 backhoe. This is being recommended for a lease/purchase due to its price. Estimates on a 5-year lease/purchase at 2.58% net a first year cost of \$38,323. This submittal is covered in more detail on page 39 of the FY16-21 Capital Improvement Program.

**DPW Dump Truck Lease/Purchase: \$159,438, first year appropriation \$36,001**. The Highway department is requesting replacement of a 2004 dump truck. This is being recommended for a lease/purchase due to its price. Estimates on a 5-year lease/purchase at 2.58% net a first year cost of \$36,001. This submittal is covered in more detail on page 41 of the FY16-21 Capital Improvement Program.

**Complete Streets Study: \$25,000** – This project is described in detail on page 9 of the FY16-FY21 capital improvement program.

**Bicycle Path Master Plan (\$25,000)** – This project is described on page 10 of the FY16-FY21 capital improvement program.

**DPW Light Duty Vehicle Lease/Purchase: \$100,993, first year appropriation \$22,804.** The Maintenance Department has grouped together several light duty vehicles for replacement. This is being recommended for a lease/purchase due to their cumulative price. Estimates on a 5-year lease/purchase at 2.58% net a first year cost of \$22,804 for the light duty lease/purchase program. This submittal is covered in more detail on page 46 of the FY16-21 Capital Improvement Program. The cost of the lease/purchase program would be shared amongst the general, water, and sewer funds.

### **Warrant Article Summary**

<b><u>Article</u></b>	<b><u>Amount</u></b>	<b><u>CIP Pages</u></b>
Human Service Agencies	116,400	n/a
Pickpocket Dam Breach Analysis	80,000	14
Finance Software Lease/Purchase	63,343	2
Master Plan Update	50,000	8
Downtown Parking Study	50,000	3
DPW Backhoe	38,323	39
DPW Dump Truck	36,001	41
Complete Streets Study	25,000	9
Bike Path Study	25,000	10
DPW Light Vehicle Lease/Purchase	22,804	46
Total Warrant Articles	506,871	

**Total General Fund Appropriations.** The total requested general fund appropriations for FY16 are \$18,260,121. This is a 3.31% increase, or \$584,476, over total general fund appropriations for FY15, which were approved at \$17,675,645\* at the March, 2015 election. The total general fund appropriations compare all proposed budget items and general fund warrant articles, year over year.

\*Note: \$100,000 in additional appropriations approved to come from unreserved fund balance are NOT included in this figure as those appropriations did not impact the property tax rate.

### **Deferrals**

The FY16 budget request, as per the norm, does not include all requests made through the Town Capital Improvement Program. Noted deferrals include the Continental Drive Fire Substation/Station and Lincoln Street Design (\$50,000).

### **Other**

- The budget does not comment on the IOKA purchase (CIP Page 4). If the Town was to move ahead with a purchase this would most likely be a borrowing article due to the price.

As always, these requests are meant to create a framework for a meaningful budget deliberation throughout the budget season. I would again like to thank the town departments for their efforts on their FY16 budget submittals.

Respectfully submitted,

Russell Dean  
Town Manager